



DOUGLAS A. DUCEY
GOVERNOR

STATE OF ARIZONA
OFFICE OF THE GOVERNOR

EXECUTIVE OFFICE

March 2, 2017

The Honorable Michele Reagan
Secretary of State
1700 W. Washington, 7th Floor
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 1st Regular Session, which I signed on March 2, 2017:

S.B. 1290 – internal revenue code conformity
S.B. 1399 – Arizona power authority; conflicts; meetings
S.J.R. 1002 – Phoenix-Goodyear airport; reuse zone
H.J.R. 2002 – lower Colorado basin; forbearance authority

Sincerely,

A handwritten signature in dark ink, reading "Douglas A. Ducey". The signature is stylized with a large, looping "D" and a cursive "y".

Douglas A. Ducey
Governor
State of Arizona

cc: Senate Secretary
Chief Clerk of the House of Representatives
Arizona News Service

Senate Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
Senate
Fifty-third Legislature
First Regular Session
2017

CHAPTER 2

SENATE BILL 1290

AN ACT

AMENDING SECTIONS 42-1001, 43-105, 43-306, 43-412 AND 43-413, ARIZONA
REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-1001, Arizona Revised Statutes, is amended to
3 read:

4 42-1001. Definitions

5 In this title, unless the context otherwise requires:

6 1. "Board" or "state board" means either the state board of tax
7 appeals or the state board of equalization, as applicable.

8 2. "Court" means the tax court or superior court, whichever is
9 applicable.

10 3. "Department" means the department of revenue.

11 4. "Director" means the director of the department.

12 5. "Internal revenue code" means the United States internal revenue
13 code of 1986, as amended and in effect as of January 1, ~~2016~~ 2017,
14 including those provisions that became effective during ~~2015~~ 2016 with the
15 specific adoption of their retroactive effective dates but excluding all
16 changes to the code enacted after January 1, ~~2016~~ 2017.

17 Sec. 2. Section 43-105, Arizona Revised Statutes, is amended to
18 read:

19 43-105. Internal revenue code; definition; application

20 A. FOR THE PURPOSES OF COMPUTING INCOME TAX PURSUANT TO THIS TITLE,
21 FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2016, "INTERNAL
22 REVENUE CODE" MEANS THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS
23 AMENDED, IN EFFECT ON JANUARY 1, 2017, INCLUDING THOSE PROVISIONS THAT
24 BECAME EFFECTIVE DURING 2016 WITH THE SPECIFIC ADOPTION OF ALL FEDERAL
25 RETROACTIVE EFFECTIVE DATES, BUT EXCLUDING ANY CHANGE TO THE CODE ENACTED
26 AFTER JANUARY 1, 2017.

27 ~~A.~~ B. For the purposes of computing income tax pursuant to this
28 title, for taxable years beginning from and after December 31, 2015
29 THROUGH DECEMBER 31, 2016, "internal revenue code" means the United States
30 internal revenue code of 1986, as amended, in effect on January 1, 2016,
31 including those provisions that became effective during 2015 with the
32 specific adoption of all federal retroactive effective dates, ~~but~~
33 ~~excluding any change to the code enacted after January 1, 2016~~ AND
34 INCLUDING THOSE PROVISIONS OF THE UNITED STATES APPRECIATION FOR OLYMPIANS
35 AND PARALYMPIANS ACT OF 2016 (P.L. 114-239) THAT ARE RETROACTIVELY
36 EFFECTIVE DURING TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2015
37 THROUGH DECEMBER 31, 2016.

38 ~~B.~~ C. For the purposes of computing income tax pursuant to this
39 title, for taxable years beginning from and after December 31, 2014
40 through December 31, 2015, "internal revenue code" means the United States
41 internal revenue code of 1986, as amended, in effect on January 1, 2015,
42 including those provisions that became effective during 2014 with the
43 specific adoption of all federal retroactive effective dates, and
44 including those provisions of the slain officer family support act of 2015
45 (P.L. 114-7), the don't tax our fallen public safety heroes act

(P.L. 114-14), the surface transportation and veterans health care choice improvement act of 2015 (P.L. 114-41) and the consolidated appropriations act, 2016 (P.L. 114-113) that are retroactively effective during taxable years beginning from and after December 31, 2014 through December 31, 2015.

~~C.~~ D. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2013 through December 31, 2014, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2014, including those provisions that became effective during 2013 with the specific adoption of all federal retroactive effective dates, and including those provisions of the Philippines charitable giving assistance act (P.L. 113-92), the Gabriella Miller kids first research act (P.L. 113-94), the cooperative and small employer charity pension flexibility act (P.L. 113-97), the highway and transportation funding act of 2014 (P.L. 113-159), the tribal general welfare exclusion act of 2014 (P.L. 113-168), the consolidated and further continuing appropriations act, 2015 (P.L. 113-235), the 2014 airline bankruptcy payments rollover act (P.L. 113-243), the tax increase prevention act of 2014 (P.L. 113-295), the slain officer family support act of 2015 (P.L. 114-7) and the consolidated appropriations act, 2016 (P.L. 114-113) that are retroactively effective during taxable years beginning from and after December 31, 2013 through December 31, 2014.

~~D.~~ E. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2012 through December 31, 2013, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 3, 2013, including those provisions that became effective during 2012 with the specific adoption of all federal retroactive effective dates, and including those provisions of the Philippines charitable giving assistance act (P.L. 113-92), the highway and transportation funding act of 2014 (P.L. 113-159), the tribal general welfare exclusion act of 2014 (P.L. 113-168), the 2014 airline bankruptcy payments rollover act (P.L. 113-243), the tax technical corrections act of 2014 (P.L. 113-295, division A, title II) and the consolidated appropriations act, 2016 (P.L. 114-113) that are retroactively effective during taxable years beginning from and after December 31, 2012 through December 31, 2013.

~~E.~~ F. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2011 through December 31, 2012, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2012, including those provisions that became effective during 2011 with the specific adoption of all federal retroactive effective dates, and including those provisions of the FAA modernization and reform act of 2012 (P.L. 112-95), the moving ahead for progress in the 21st century act

(P.L. 112-141), the American taxpayer relief act of 2012 (P.L. 112-240), the 2014 airline bankruptcy payments rollover act (P.L. 113-243), the tribal general welfare exclusion act of 2014 (P.L. 113-168), the tax technical corrections act of 2014 (P.L. 113-295, division A, title II) and the consolidated appropriations act, 2016 (P.L. 114-113) that are retroactively effective during taxable years beginning from and after December 31, 2011 through December 31, 2012.

~~F.~~ G. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2010 through December 31, 2011, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2011, including those provisions that became effective during 2010 with the specific adoption of all federal retroactive effective dates, and including those provisions of Public Law 112-40, the moving ahead for progress in the 21st century act (P.L. 112-141), the American taxpayer relief act of 2012 (P.L. 112-240), the tribal general welfare exclusion act of 2014 (P.L. 113-168) and the tax technical corrections act of 2014 (P.L. 113-295, division A, title II) that are retroactively effective during taxable years beginning from and after December 31, 2010 through December 31, 2011.

~~G.~~ H. For the purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2009 through December 31, 2010, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2010, including those provisions that became effective during 2009 with the specific adoption of all federal retroactive effective dates, and including those provisions of the temporary extension act of 2010 (P.L. 111-144), the hiring incentives to restore employment act (P.L. 111-147), the patient protection and affordable care act (P.L. 111-148), the health care and education reconciliation act of 2010 (P.L. 111-152), the preservation of access to care for medicare beneficiaries and pension relief act of 2010 (P.L. 111-192), the Dodd-Frank Wall Street reform and consumer protection act (P.L. 111-203), the small business jobs act of 2010 (P.L. 111-240), the claims resolution act of 2010 (P.L. 111-291), the tax relief, unemployment insurance reauthorization, and job creation act of 2010 (P.L. 111-312), the regulated investment company modernization act of 2010 (P.L. 111-325) and the tax technical corrections act of 2014 (P.L. 113-295, division A, title II) that are retroactively effective during taxable years beginning from and after December 31, 2009 through December 31, 2010.

~~H.~~ I. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2008 through December 31, 2009, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2009, including those provisions that became effective during 2008 with the

1 specific adoption of all federal retroactive effective dates, and
2 including those provisions of the American recovery and reinvestment act
3 of 2009 (P.L. 111-5) except section 1211, the consumer assistance to
4 recycle and save act of 2009 (P.L. 111-32), the worker, homeownership, and
5 business assistance act of 2009 (P.L. 111-92) except section 13, the
6 hiring incentives to restore employment act (P.L. 111-147), the patient
7 protection and affordable care act (P.L. 111-148), the preservation of
8 access to care for medicare beneficiaries and pension relief act of 2010
9 (P.L. 111-192), the small business jobs act of 2010 (P.L. 111-240), the
10 tax relief, unemployment insurance reauthorization, and job creation act
11 of 2010 (P.L. 111-312) and the tax technical corrections act of 2014
12 (P.L. 113-295, division A, title II) that are retroactively effective
13 during taxable years beginning from and after December 31, 2008 through
14 December 31, 2009.

15 ~~†~~. J. For purposes of computing income tax pursuant to this title,
16 for taxable years beginning from and after December 31, 2007 through
17 December 31, 2008, "internal revenue code" means the United States
18 internal revenue code of 1986, as amended, in effect on January 1, 2008,
19 including those provisions that became effective during 2007 with the
20 specific adoption of all federal retroactive effective dates and including
21 those provisions of the economic stimulus act of 2008 (P.L. 110-185), the
22 heroes earnings assistance and relief tax act of 2008 (P.L. 110-245), the
23 heartland, habitat, harvest and horticulture act of 2008 (P.L. 110-246),
24 the housing assistance tax act of 2008 (P.L. 110-289), the emergency
25 economic stabilization act of 2008 (P.L. 110-343), the worker, retiree,
26 and employer recovery act of 2008 (P.L. 110-458), the American recovery
27 and reinvestment act of 2009 (P.L. 111-5) except section 1211, the worker,
28 homeownership, and business assistance act of 2009 (P.L. 111-92) except
29 section 13 and the tax technical corrections act of 2014 (P.L. 113-295,
30 division A, title II) that are retroactively effective during taxable
31 years beginning from and after December 31, 2007 through December 31,
32 2008.

33 ~~†~~. K. For purposes of computing income tax pursuant to this title,
34 for taxable years beginning from and after December 31, 2006 through
35 December 31, 2007, "internal revenue code" means the United States
36 internal revenue code of 1986, as amended, in effect on January 1, 2007,
37 including those provisions that became effective during 2006 with the
38 specific adoption of all federal retroactive effective dates and including
39 those provisions of the small business and work opportunity tax act of
40 2007 (P.L. 110-28), the energy independence and security act of 2007
41 (P.L. 110-140), Public Law 110-141, the mortgage forgiveness debt relief
42 act of 2007 (P.L. 110-142), the tax technical corrections act of 2007
43 (P.L. 110-172), the economic stimulus act of 2008 (P.L. 110-185), the
44 heroes earnings assistance and relief tax act of 2008 (P.L. 110-245), the
45 heartland, habitat, harvest and horticulture act of 2008 (P.L. 110-246),

the housing assistance tax act of 2008 (P.L. 110-289), the emergency economic stabilization act of 2008 (P.L. 110-343), the worker, retiree, and employer recovery act of 2008 (P.L. 110-458) and the tax technical corrections act of 2014 (P.L. 113-295, division A, title II) that are retroactively effective during taxable years beginning from and after December 31, 2006 through December 31, 2007.

~~K. For purposes of computing income tax pursuant to this title, for taxable years beginning from and after December 31, 2005 through December 31, 2006, "internal revenue code" means the United States internal revenue code of 1986, as amended, in effect on January 1, 2006, including those provisions that became effective during 2005 with the specific adoption of all federal retroactive effective dates and including those provisions of the tax increase prevention and reconciliation act of 2005 (P.L. 109-222), the pension protection act of 2006 (P.L. 109-280), the tax relief and health care act of 2006 (P.L. 109-432), the small business and work opportunity tax act of 2007 (P.L. 110-28), the mortgage forgiveness debt relief act of 2007 (P.L. 110-142), the tax technical corrections act of 2007 (P.L. 110-172), the heartland, habitat, harvest and horticulture act of 2008 (P.L. 110-246), the housing assistance tax act of 2008 (P.L. 110-289) and the tax technical corrections act of 2014 (P.L. 113-295, division A, title II) that are retroactively effective during taxable years beginning from and after December 31, 2005 through December 31, 2006.~~

Sec. 3. Section 43-306, Arizona Revised Statutes, is amended to read:

43-306. Partnership returns

A. EXCEPT AS PROVIDED IN SUBSECTIONS B AND C OF THIS SECTION, every partnership shall make a return for each taxable year, stating the taxable income computed in accordance with subtitle A, chapter 1, subchapter K of the internal revenue code and any adjustments required pursuant to chapter 14 of this title. The return shall include the names and addresses of the individuals, whether residents or nonresidents, who would be entitled to share in the taxable income if distributed and the amount of the distributive share of each individual. The allocation and apportionment of income of a partnership ~~which~~ THAT has nonresident partners shall be made pursuant to chapter 11, article 4 of this title. The return shall contain or be verified by a written declaration that it is made under the penalties of perjury and signed by one of the partners.

B. An out-of-state partnership that is temporarily in this state and whose only income in this state is from performing disaster recovery from a declared disaster during a disaster period as defined in section 42-1130 is not required to file a partnership return in this state.

C. A PARTNERSHIP THAT HAS NO ARIZONA INCOME, DEDUCTIONS OR CREDITS FOR A TAXABLE YEAR IS NOT REQUIRED TO FILE A PARTNERSHIP RETURN FOR THAT YEAR.

1 Sec. 4. Section 43-412, Arizona Revised Statutes, is amended to
2 read:

3 43-412. Returns of withholding to be filed with department

4 A. Every employer at the time of filing a reconciliation pursuant
5 to section 43-401, subsection C shall deliver to the department a return
6 in the form prescribed by the department showing the total amount of
7 wages, salaries, bonuses or other emoluments paid to employees, the amount
8 deducted pursuant to this chapter and such other information as the
9 department may require. The employer shall advise the employee of the
10 amount of monies withheld, in accordance with such rules as the department
11 may prescribe, using printed forms furnished by the department for such
12 purposes or, when requested by the employer, on forms approved by the
13 department.

14 B. The employer shall make an annual return for the calendar year
15 to the department on forms provided by it summarizing the total
16 compensation paid and the tax withheld for each employee during the
17 calendar year and shall file ~~such~~ THE return with the department on or
18 before ~~February 28~~ JANUARY 31 of the year following the year for which the
19 report is made. The department may extend the filing deadline on a
20 showing of good cause by the employer. The return required by this
21 section shall contain or be verified by a written declaration that it is
22 made under the penalties of perjury.

23 Sec. 5. Section 43-413, Arizona Revised Statutes, is amended to
24 read:

25 43-413. Statement of withholding to employees

26 The employer ~~shall~~, within ~~thirty~~ THIRTY-ONE days after the end of
27 each calendar year, SHALL furnish each employee with either a statement of
28 the amount withheld during the previous tax year, showing the gross
29 earnings and the amount of tax withheld or, if the termination of
30 employment is ~~prior to~~ BEFORE the end of the year, within fifteen days
31 after the termination of employment, a summary statement showing the total
32 earnings for the tax year and the amount of taxes withheld from
33 compensation.

APPROVED BY THE GOVERNOR MARCH 2, 2017

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 2, 2017

Passed the House February 27, 2017,

by the following vote: 57 Ayes,

0 Nays, 3 Not Voting

[Signature]
Speaker of the House

Jim Drake
Chief Clerk of the House

Passed the Senate February 21, 2017,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

[Signature]
President of the Senate

Susan Ornes
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

20 day of February, 2017,

at 2:30 o'clock P. M.

[Signature]
Secretary to the Governor

Approved this 2nd day of

March, 2017,

at 12:30 o'clock P. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 2nd day of March, 2017,

at 4:30 o'clock P. M.

[Signature]
Secretary of State

S.B. 1290